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Sent: Monday, October 24, 2005 6:09 PM
To: ATR-Real Estate Workshop
Cc: FTCDOJworkshop@realtors.org
Subject: "Competition and the Real Estate Workshop" -- Comment, Project
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Clear DayOctober 24, 2005

Antitrust Division
U.S. Department of Justice
Liberty Place, Suite 300
Attention: Lee Quinn
325 7th Street, NW
Washington, DC 20530

Dear Mr. Quinn,

The real estate industry is a model of competition. It is almost perfect competition with many buyers and sellers who have sufficient knowledge, and very low barriers to entry. In fact, I cannot think of another industry that is as competitive as real estate. Today, many industries are dominated by huge corporations and monopolies, such as the public utilities, while real estate allows competition from small, independent entrepreneurs. We differentiate ourselves by offering personalized service, consulting, more detailed analysis and marketing plans. Competition is fierce and in order to secure future business through referrals and repeat business I must perform superior service than our competition. The consumer can choose from a variety of business models which range from a simple fee to put a listing on the MLS or a For Sale sign up to a full service brokerage.

One reason that competition for a listing is so fierce is because of near perfect knowledge. Consumers and potential sellers have incredible access to information and are very knowledgeable about housing prices, their marketing alternatives and agency options. They know the terms on which other people are offering goods and services, or offering to buy; the quality of the goods and services offered, and enough about costs to judge whether the trade is profitable or not. Where are they getting all this knowledge? From their real estate agents and companies - who are acting extremely competitive!!

Barriers to entry are extremely low in the real estate industry ? I believe too low. All you have to do is pass a licensing exam and learn a bit about the local market. My own work ethic, commitment to professional standards and dedication to client satisfaction determine my own success and helps me stand apart. Consumers have many choices and can choose my services or the services of the other 458,606 licensees in the state of California. In the last 12 months, the number of real estate licensees in California has risen 14%! The number of home sales has increased but the number of transactions that I do has not. It is because of the increased number of agents who have entered the industry in droves to chase the same commission dollars.

Home appreciation has also been in the double digits. But my income has not risen at the same pace as housing prices. Since entering the industry in

1999, my average commission has decreased from 2.71% to 2.4% for one side of a transaction. This is an 11% decrease in pricing and due to commission levels being determined by an extremely competitive marketplace. Keep in mind that the business expenses I pay from that 2.4% commission are rising. Gasoline prices are about 40% higher than last year. I don't get benefits or a salary. Health care costs, which I pay out of my own pocket, have risen over 10% annually. I do not get paid for showing up to work. I work long hours; often 7 days a week for months at a time, without a day off. Many days I start work at 7 am and am still working at 11 pm. I am paid entirely on commission. It is possible that I can invest, at my expense, hundreds or thousands of dollars on a sale, only for the buyer to get cold feet and not complete the sale. I may never get the opportunity to recoup those expenses.

The internet has helped make the real estate industry more competitive by making information available to consumers. The sheer number of new agents in the industry have forced all participants to compete on a daily basis. As a result, there is no need for legal or regulatory intervention by the Federal government.

Sincerely,

Anne-Marie Schiering

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